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Memorandum of Conversation

DATE: December 11, 1968

SUBJECT: United States-Italian Civil Air Negotiations

PARTICIPANTS: Col. Leonide Quercietto, Director of Foreign Relations, Civilavia
Mr. John S. Meadows, Director, E/OA
Mr. G. Joseph Minetti, Member, CAB
Mr. E. C. Rodriguez, E/AN

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A formal session was not scheduled for December 11, 1968, but General Santini was invited to drop in for an informal meeting at 11:00 a.m. However, Col. Quercietto showed up, stating that General Santini was in bed with the flu, but had asked him to come in to discuss the multiple designation question. Quercietto said the Italians were surprised at the US position since they had based their entire approach in these negotiations on the continuation of the status quo of three carriers. The Italians were particularly concerned about the capacity impact that a new carrier might have in that market. He asked if there was any solution to this problem.

Mr. Meadows said that the US side was equally unhappy and surprised at this multiple designation development. The United States had thought the Italian side fully understood the domestic opposition to the grant of Atlanta/Dallas and that the only way the United States could make the offer of Atlanta/Dallas was to hold out some hope that one day the CAB might certificate a new carrier on that route. In addition, the US Delegation could not enter into arrangements that would detract from the authority of the CAB to authorize new services. This did not mean there would

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necessarily be a new carrier. His personal view was that there was a one-third chance that no US carrier would be placed on the route, a one-third chance that an existing carrier would be certificated, and a one-third chance that a new carrier would be involved. In view of the differing interpretation of the Solomon-Ortona talks, what we needed was a bridge between the two positions. There might be a variety of solutions but one possibility was that if the operation of a new carrier upset the balance of the Agreement the two sides could consult. With respect to the capacity problem the United States would honor its obligations not to permit operations which clearly had an undue effect on the Italian carrier. We would be prepared to state that we had no intention of designating more carriers at New York, Boston, Chicago and Los Angeles. However, if the United States intended to place a new carrier into Atlanta/Dallas it would consult with Italy to determine whether, on the basis of experience, the balance of the Agreement had been affected.

Mr. Meadows said in conclusion that this proposal had three major aspects--(1) there was only a possibility and not a certainty that a new carrier would be certificated; (2) the United States would insure that any operations conducted by the US carrier would not have an undue effect on the Italian carrier; and (3) the United States would consult with Italy if the balance of the Agreement were affected by the addition of the new carrier.

Quercietto said he would report the results of these conversations to General Santini.

E/OA:JSMeadows:vlv

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